Mid-year cattle inventory confirms herd expansion

By CAROL RYAN DUMAS
Capital Press

Year-over-year increases in both U.S. beef cows and beef replacement heifers show last year's start of beef herd expansion is on solid ground.

Beef cows are up 750,000 head, 3 percent, over last year's July inventory, and heifer replacements are up 300,000, 7 percent, according to USDA National Agricultural Statistics report released July 24.

The increases were expected and confirm the industry is in full blown, cyclical expansion, though it's still just starting, said Derrell Peel, livestock marketing specialist with Oklahoma State University.

And, he said, it's been a long time coming — about 20 years.

The last such expansion tapered off after a cyclical peak in 1996, followed by prices that were telling the market the beef herd had gotten too big. Drought extended a normal liquidation period into 2004, he said.

A mini expansion in 2004 and 2005 was cut off in 2006 by tremendous shocks in input prices — feed, fuel and fertilizer — and poor returns caused the liquidation to continue, he said.

The recession in 2008 and 2009 negatively affected beef demand, and widespread drought, particularly in the Southern Plains, from 2011 through 2013 curtailed attempts at rebuilding, he said.

"We spent most of about 18 years in liquidation mode," he said.

Those external factors led to a beef herd that was getting smaller than it needed to be from a market sense, he said.

The resulting "tremendous" prices in 2014 and improved drought conditions, which eliminated drought in most of the country except the West, fueled the start of expansion last year, he said.

Producers are responding to basic price signals, but it'll take a couple of more years to build the herd to the level it needs to be to be compatible with the market, he said.

All cattle and calves, including dairy animals, are up 2.1 million from July 2014 and USDA expects the 2015 calf crop to increase 400,000 head, 1 percent, year over year.

If realized, the calf crop will be larger than the previous year for the second consecutive year, a growth not seen since 1994-'95, livestock economists Ron Plain and Scott Brown, University of Missouri, reported in the University's Cattle Outlook report July 24.

Carol Ryan Dumas/Capital Press

A beef cow grazes in pasture east of Rupert, Idaho, in early summer. The latest numbers from USDA show the country's beef cattle herd is in expansion mode after nearly 20 years.

But the initial effect of herd rebuilding is even tighter supplies of feeder cattle, and 2015 will be the low supply point in this cycle, continuing to squeeze feedlot operators, Peel said.

There's a bout a two year lag to start seeing the effects of expansion on beef production. In the meantime, expansion will continue in 2016, much like 2015, he said.

Cattle on feed up, marketings lower

By CAROL RYAN DUMAS
Capital Press

At 10.2 million head, the number of cattle on feed in large feedlots as of July 1 was up 2 percent year over year, according to USDA National Agricultural Statistics Service.

That represents a 7 percent increase in steers and steer calves and a 7 percent decrease in heifers and heifer calves.

However, marketings, at 1.75 million head, continued the year-over-year decline seen since November 2013. June marketings were down 163,000 head, or 5 percent, from June of last year. It's the smallest June marketings since the cattle on feed series began in 1996, NASS reported.

Placements in June were 1.48 million, up 13,000 head and 1 percent year over year, NASS reported. June had one more business day than June 2014.

But that doesn't mean the U.S. is producing more cattle; total placements have been down for the last six or seven months, said Derrell Peel, livestock marketing specialist at Oklahoma State University.

Feedlots are holding cattle longer to put on more weight to balance high feeder cattle costs with fed cattle prices. Cattle on feed numbers look higher because they are staying longer, he said.

Slaughter is down for the year. Combined steer and heifer slaughter is down about 6.8 percent year to date. That includes an 11 percent decrease in heifer slaughter, reflecting heifer retention for herd rebuilding, he said.

Year-over-year federally inspected cattle and calf slaughter January through June was down 1.09 million head, with beef production down 4 percent and veal production down 20 percent, NASS reported last week.

Total marketings of fed cattle January through June were down 5.9 percent and total placements into feedlots were down 5.5 percent, Peel said.

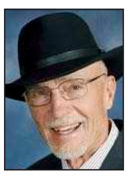
For the first six months of 2015, total placements into feedlots were down 611,000 head and marketings were down 618,000 head year over year, according to NASS.

The July 1 cattle inventory does show more feeder cattle outside feedlots, up about 1.8 percent. More feeder cattle are in the pipeline, but the majority of the increase is new-crop calves that won't be placed in feedlots until late this year and into next year, he said.

Pheasant hunting as a successful ranch enterprise

By DOUG WARNOCK
For the Capital Press

Greener Pastures
Doug Warnock



What started as a college class assignment resulted in a new and successful enterprise for the Roseland family ranch near Seneca, S.D.

The Roseland ranch was one of several livestock operations visited on a tour that was part of the National Association of County Agricultural Agents' Annual Meeting and Professional Improvement Conference in South Dakota in mid-July.

Three generations of the Roseland family operate the 18,000-acre diversified farming and ranching operation. Sal Roseland is the fifth generation of the family involved in the ranch, which is in north central South Dakota. The Roseland ranch was homesteaded in 1881 by Sal's great-great-grandparents, Gabriel and Elizabeth Roseland, who were second generation immigrants from Norway.

When Sal graduated from college in 2002, he brought home a business development plan he had created in a college class. It was to add a pheasant hunting business to the ranch operation. At first his idea met with some resistance from his father and grandfather. With a loan from a local banker, Sal put his plan into operation and started R&R Pheasant Hunting. A thriving business venture was set into motion. Now, pheasant and other small bird hunting are available to customers from early September through March each year.

After a small start, two lodges for hunters were built and staff was hired to help with meals and housekeeping duties. After 13 years of operation, the business accommodates 500 to 600 hunters per year as well as offseason catering for wedding parties, anniversaries and family gatherings. Sal's wife, Kelly, manages the hospitality part of the hunting enterprise.

The Roselands use about 6,000 acres of their farm for pheasant habitat and hunting. They specialize in serving South Dakota grown products and local beef to their hunter guests. Their aim is to provide guests with a memorable experience. Their hospitality and special treatment of clients has resulted in them having a great reputation in the industry and they have many return customers. It was significant that during the economic downturn of 2008, their hunting business grew.

In addition to running the hunting enterprise, Sal manages the 1,000-head beef cattle herd. Sal's dad, Steve, and his brother, Slade, run the farming operation, which consists of raising small grains, corn, milo, alfalfa and other crops. Many of the crop by-products are utilized as feed for the Roselands' beef cattle. Cattle also make use of the ranch's native grasslands.

R&R Pheasant Hunting is a great example of how a creative idea coupled with hard work and dedication can result in a successful agri-tourism business.

Doug Warnock, retired from Washington State University Extension, lives on a ranch in the Touchet River Valley where he writes about and teaches grazing management. He can be contacted at dwarnockgreenerpastures@gmail.com.

Egg industry struggles to recover from bird flu; prices likely to rise

By ZANE SPARLING
Capital Press

Commercial egg prices reached a new high for the year July 23, despite the 38-day gap since the last case of bird flu was reported in the U.S.

A dozen Grade A large eggs were selling for $2.69 on the wholesale market, according to a market researcher, more than double the asking price before the epidemic ravaged the industry, killing 30.3 million egg-laying hens in Iowa alone.

Nationally, infections of H5N2 avian influenza — commonly known as bird flu — led to the death of more than 48 million chickens and turkeys across 15 states. The last known incident occurred in Iowa on June 16.

The egg market has experienced several recent cost fluctuations. When the egg plague was still ongoing, wholesale prices climbed to a near peak of $2.62 a dozen on May 29. Prices then stayed flat until June 19, before diving precipitously to $2.01 a dozen on July 9. The price has since recovered to $2.69 for Grade A large eggs.

"Demand slowed down, and now it's going back up" Urner Barry egg reporter Brian Moscogiuri said Thursday. "Consumers are getting a little more comfortable with the higher price."

Moscogiuri said consumers tend to "trade up" when generic egg prices rise. That trend led to increased sales for cage-free and branded eggs, which typically sell at a flat price regardless of generic prices. Since then, consumers have acclimated to the higher price point for regular Grade As.

All affected producers have finished depopulating their farms, and most have finished Centers for Disease Control-mandated cleaning procedures, according to United Egg Producers CEO Chad Gregory. That process alone can take weeks, as barns must be disinfected, heated to high temperatures and then sit empty for 21 days — the incubation period for the virus — before CDC approval is granted.

Clean certification is no guarantee of production. Chick hatcheries have had trouble ratcheting up production to meet the extraordinary demand.

"Those farms have to start their clocks over, and that clock typically takes 18 months," Gregory said. "If in fact the virus does not return next spring, I think there will be some confusion by consumers as to why the prices may still be higher."

Young hens, or pullets, do not lay any eggs for the first 18 weeks of their lifespan. Most hens are culled after about 95 weeks, and farmers must stagger the age of their hens in order to produce a consistent number of eggs each day.

Market analysts say prices will almost certainly rise in the fourth quarter, which begins before Thanksgiving and ends with Christmas. Both holidays spur higher egg demand, mostly due to increased baking at home.

What no one can say, however, is whether the bird flu will return with the cold weather in the fall. While epidemiologists believe wild birds are responsible for carrying the virus into new areas, new evidence suggests H5N2 may have been spread from farm to farm by air.

The USDA is prepping for a worst-case scenario that would involve up to 500 infections across all major flyways.

Capital Press file photo

Commercial egg prices reached a new high for the year July 23. A dozen Grade A large eggs were selling for $2.69 on the wholesale market, according to a market researcher, more than double the asking price before the bird flu epidemic ravaged the industry.